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FEDERAL COMMUNICATIONS COMMISSION
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992	)	MM Docket No. 92-266
	)	
Rate Regulation	)	

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COMMENTS OF BELLSOUTH

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SUMMARY

BellSouth generally supports the Commission's proposal to use a benchmark methodology as the primary mode of regulating cable service rates. Of the three proposals advanced by the Commission, BellSouth shows that a benchmark developed on the basis of 1986 rates is the most appropriate alternative since it reflects rates of individual cable systems before cable rates effectively became deregulated. BellSouth further shows, after initial rates have been set, why future rate changes should be governed by a price caps plan similar to the one applicable to telephone companies.

The Commission is simply wrong in its tentative conclusion that a local Service Price Index (SPI) would be more appropriate than a general price index (e.g., GNP-PI) for calculating inflationary price adjustments for the 1986 - 1992 period. The SPI suggested by the Commission incorrectly focuses on price outputs rather than price inputs. As such, it bears little relationship to the increased costs of operating and upgrading cable systems over time. It would also be considerably more complicated and burdensome to administer than an existing index such as the GNP-PI. BellSouth strongly recommends that the Commission use the GNP-PI for this purpose.

After initial rates have been set under a benchmark methodology based on 1986 rates, BellSouth recommends use of the following price caps formula for changes in cable system

rates: GNP-PI - productivity offset +/- exogenous factors. Under this formula, a productivity offset factor will have to be developed for the cable industry. For competitive and regulatory parity reasons, the Commission should consider the minimum 3.3 percent productivity offset applicable to Tier 1 exchange carriers as one of the factors in developing the productivity offset for cable.

Also, for reasons of competitive and regulatory parity, BellSouth urges the Commission to adopt price cap regulations for both the telephone industry and the cable industry which are less burdensome than those under which the telephone industry currently operates. In particular, the Commission should not apply an earnings sharing mechanism or tight basket and band constraints or sub-indices that compromise the economic principles underlying price cap regulation.

The cost accounting requirements and cost-of-service standards developed for the cable industry should ensure that cable systems are not permitted to cross-subsidize their unregulated services, including non-cable communications services, with regulated cable services. As the cable industry and the telephone industry continue to converge, it is important that the Commission develop regulations with an eye towards achieving competitive equity in both video programming and telecommunications markets so that neither industry is unjustly advantaged or disadvantaged by such regulations in the competitive marketplace.

The Commission should clarify that, with minor exceptions, a telephone company providing video dialtone is not a "multichannel video programming distributor" under the Act. In a typical video dialtone arrangement, it is the video programming customer, not the telephone company, who makes programming available for purchase by subscribers and who upon satisfaction of the relevant criteria may qualify as a multichannel video programming distributor. However, when a telephone company is providing multiple channels of video programming directly to subscribers over video dialtone facilities in its rural telephone service area or pursuant to a "good cause" waiver, it too may qualify as a multichannel video programming distributor upon satisfaction of the relevant definitional criteria.

Finally, BellSouth explains in these comments why the Commission should distinguish between affiliated and nonaffiliated, stand-alone cable system having 1,000 or fewer subscribers for purposes of exempting small cable systems from some of its regulations.

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In the Matter of Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992 Rate Regulation	)	MM Docket No. 92-266

COMMENTS OF BELLSOUTH

BellSouth Telecommunications, Inc. ("BellSouth") hereby files its comments on the Notice of Proposed Rulemaking (Notice), released by the Commission in the above-captioned docket on December 24, 1992.

I. STATEMENT OF INTEREST

BellSouth's interests in this proceeding are multifaceted. BellSouth views its future role in the cable and video programming industry as potentially involving both cooperative and competitive relationships with existing cable operators. For example, BellSouth may provide channel or video dialtone transport services to existing cable operators. BellSouth may even choose to operate as a traditional franchised cable operator either outside its telephone service area, or in its rural telephone service areas should the Commission significantly increase the population threshold defining such areas.[1] BellSouth also

[1] This issue is currently pending before the Commission in its Second Further Notice of Proposed Rulemaking, CC Docket No. 87-266, rel. August 14, 1992.

has an interest in seeing that the regulatory measures adopted in this proceeding do not bestow an unfair competitive advantage on incumbent cable operators entering telecommunications markets. BellSouth is concerned that the Commission strike an appropriate balance between these sometimes competing interests.

II. BELLSOUTH GENERALLY SUPPORTS THE COMMISSION'S TENTATIVE CONCLUSIONS REGARDING THE APPROPRIATE REGULATORY MODEL FOR REGULATING CABLE RATES.

The primary purpose of this proceeding is to help the Commission craft a comprehensive regulatory model for cable rates that will fulfill the statutory objectives of the Cable Act of 1992.[2] The Commission tentatively concludes that it should not select cost-of-service regulation as the primary mode of regulation of cable service rates. Rather, the Commission proposes to adopt a benchmark regulatory alternative to set the initial rates for "basic cable services" of cable systems not faced with effective competition.[3] Under the Commission's proposal, cost-of-service regulation would be applied to cable systems seeking to justify a rate above that benchmark.[4] Once initial rates have been set at a reasonable level under either the benchmark or cost-of-service methodology, a streamlined form

[2] Cable Television Consumer Protection and Competition Act, Pub. L. No. 102-385, 106 stat. 1460 (1992)("Cable Act of 1992").

[3] Notice at para. 2.

[4] Id.

of regulation such as price caps could be used to ensure changes to rates are reasonable on a going forward basis.[5]

Although the Commission's proposal will require refinements to ensure that the statutory and policy objectives are accomplished, the overall regulatory model advanced by the Commission in the Notice seems fundamentally sound and strikes a fair balance of interests. The legislative history and statutory terms of the Cable Act of 1992 each support the rejection of cost-of-service regulation as the primary mode of regulating basic cable rates.[6] For a variety of reasons, the proposal to develop a benchmark based on 1986 cable rates to measure the reasonableness of current rates is the best of the three benchmark proposals advanced by the Commission. As discussed below, subsequent rate adjustments should be governed by a price cap plan similar to the one applied to telephone companies.

A. <u>A Benchmark Based On 1986 Rates Is The Most Acceptable Benchmark Methodology For Establishing The Reasonableness of Current Basic Service Tier Rates.</u>

Of the three benchmark proposals advanced by the Commission, BellSouth favors the adoption of a benchmark based on rates charged in 1986 before the Cable Act of 1984

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[5] Notice at para. 49.

[6] <u>See</u>, Cable Act of 1992, 47 U.S.C. Section 543(b). H.R. Conf. Rep. No. 862, 102d Cong., 2d Sess. at 62-63. ("Conference Report").

effectively prohibited local rate regulation of most cable systems. This approach has a number of advantages over the other benchmark proposals while still providing a less intrusive form of regulation than cost-of-service regulation.

Under this proposal, 1986 cable rates would be presumed reasonable because they represent charges that were deemed acceptable when rates were still subject to regulation or oversight by the local franchise authority.[7] The Commission would develop individual benchmark rates for cable systems operating in 1986 based upon the 1986 per-channel rate for their lowest tiers.[8] This per-channel rate would be further adjusted by using a general price index factor (e.g., GNP-PI) to capture the effect of inflation during the 1986 through 1993 period.[9] Additional adjustments would be made in individual cases for factors generally agreed to affect costs, such as new construction and facility upgrades incurred by a cable system since that time.[10] For systems not operating in 1986, the Commission proposes a benchmark expressed on a per-channel basis to account for differences

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[7] Notice at para. 44.

[8] Id.

[9] Notice at n.74 and para. 52. BellSouth recommends that the Commission use the Gross National Product Price Index (GNP-PI) for this factor, for the reasons discussed in section II.A. of these comments.

[10] Notice at para. 44.

in the number of channels offered on the basic tier, and on the per-channel rates of the systems operating in that year.[11]

The principal advantage of this benchmark approach is that it results in a greater level of assurance that the benchmark rates will be reasonable for each individual cable system. This is because, with the limited exception of those systems constructed after 1986, the benchmark is derived from the actual 1986 rates which were subject to local regulatory oversight and in effect for each individual system. Thus, this approach allows the Commission to derive a benchmark for each system from prices which were previously deemed acceptable to regulators for the particular cost and operational characteristics of each system. Since these factors vary considerably among cable systems throughout the country, this approach offers a significant advantage over the other two benchmark methodologies proposed by the Commission, both which rely heavily upon mathematical averaging.

The other two benchmark alternatives proposed by the Commission rely heavily upon average rates which necessarily bear little relationship to the actual cost and operational characteristics of individual systems. Therefore, a benchmark based upon average rates of systems facing

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[11] <u>Id</u>.

effective competition[12] or average rates of all cable systems[13] is likely to result in a high incidence of cable systems which will be forced to resort to cost-of-service regulation in order to establish reasonable rate levels. This is because there likely will be a substantial number of cable systems with operational costs which are higher than the average embedded costs assumed in any average rate calculation. There are apt to be an equal number with lower than average costs. These companies will never seek cost-of-service regulation and will reap a partial windfall. This is especially true of a benchmark based on the average rates of all cable systems, since that average will automatically include the monopoly rents extracted since cable rates were effectively deregulated. While the Commission can attempt to make additional adjustments to these gross averages to more accurately reflect the cost characteristics of individual systems, there is still the risk that, even after adjustments, such an approach will result in a relatively arbitrary benchmark when applied to individual systems.

For the above reasons, it is BellSouth's view that a benchmarking rate should be developed for each individual cable system based on 1986 rates. Recognizing that any benchmarking approach suffers from some degree of

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[12] Notice at paras. 41-43.

[13] Notice at paras. 46-47.

imprecision, additional adjustments should be allowed in individual cases for factors acknowledged to affect cost, such as new construction and system upgrades. <u>However, the Commission should only include that portion of construction and upgrade costs attributed to the portion of facility capacity used to deliver the basic cable service tier of channels</u>. In other words, the cost of system capacity used for non-basic tier services must be excluded from these adjustments to prevent subsidies of unregulated services by basic regulated cable services.

It is equally important that the Commission develop a straightforward, unencumbered method for adjusting initial rates for inflationary impacts over the 1986 - 1992 time frame. The Commission should accomplish this goal by using the GNP-PI to adjust rates for inflationary impacts during this period. Cable systems found to have excessive rates in place under this formula should be required to reduce rates to appropriate 1992 GNP-PI inflation adjusted levels. The Commission's cost-of-service option will provide a safety net to those cable operators who can justify higher rates based on higher recoverable costs during this time frame.

In the Notice, the Commission seeks comment on the tentative conclusion that a local Service Price Index (SPI) would be more appropriate than a general price index (<u>e.g.</u>, CPI or GNP-PI) for calculating inflationary price adjustments for the 1986 - 1992 period.[14] The Commission suggests that a general price index may not be as useful for a local service business such as a cable system as compared to an SPI which considers such factors as prices for education, zoo admission/rides, lodging, dental tooth fillings, babysitter rates, women's/men's haircuts, bowling, weekend ski lift tickets, spectator sports, bus/subway/train/cab fares, and utility rates.[15]

There are a number of reasons why the Commission should not attempt to develop an SPI for cable regulation in lieu of using a well-established general price index, such as GNP-PI. First, with the possible exception of utility rates, the categories mentioned above bear little relationship to the increased inflationary costs of constructing and operating a cable system. The suggested categories focus on output prices when they should be focusing on input (i.e., relevant cost factors) prices. Second, one of the primary statutory objectives of this proceeding is to avoid unnecessarily burdensome regulation. The development of a new index will require the commitment of additional Commission resources and introduce administrative complexities that can be avoided by using a well-established producers pricing index such as the GNP-PI

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[14] Notice at para. 38.

[15] Notice at n.70.

which is already developed and widely used.[16] Third, use of the GNP-PI will promote regulatory parity between the cable and telephone industries, since that index is also used for telephone company price caps. In short, using the GNP-PI will enable the Commission to avoid developing a new index which is unnecessarily complicated and likely to lead to competitive inequities down the road as cable and telephone markets converge.

To the extent other reliable information is available, the Commission should consider further adjustments to the benchmark based on individual cost factors demonstrated to have a direct bearing on the reasonableness of rates.[17] Moreover, any cable operator who feels it is treated unfairly under the benchmark will have the option of justifying higher rates on the basis of cost-of-service criteria. The cost-of-service option will enable the Commission to avoid problematic legal concerns regarding confiscatory rates.[18] It also places the burden of using a more cumbersome methodology upon the cable operator (who is in the best position to know whether such step is necessary). Likewise, consumers should be permitted to

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[16] The Commission rejected the development of an industry specific cost index for telephone company price caps for similar reasons. Second Report and Order, CC Docket No. 87-313, adopted September 19, 1990, para. 54.

[17] Notice at para. 42.

[18] Notice at para. 34 and n.67.

avail themselves of the Commission's complaint procedures to challenge the reasonableness of rates falling within the benchmark. This seems to strike an appropriate balance.

B. Price Caps Should Govern Future Rate Changes

BellSouth strongly advocates that cable rates subject to regulation should be governed by price caps once the initial rates have been set at a reasonable level under either a benchmark or cost-of-service methodology. There are a number of public interest benefits to this approach. First, price cap regulation provides an equitable regulatory method of ensuring corporate shareholders and cable customers both benefit from productivity gains, the creation of new revenue sources and reductions in costs. As the Commission notes, price caps provide an incentive for cable systems to operator efficiently by allowing low-cost systems to keep savings achieved through increased efficiencies.[19] Second, price caps ensure that consumers will not be confronted by significant increases in rates over the period of the price cap plan. Third, price cap regulation requires fewer resources and is less costly to administer for both regulators and the companies subject to price cap regulation. Fourth, much of the telephone company industry (e.g., AT&T and Tier 1 LECs) is already operating under price cap regulation for interstate services, and increasingly for intrastate services. As the cable industry

[19] Notice at para. 36.

and the telephone company industry continue to converge as a result of technological and market changes, it is imperative that the Commission develop a comprehensive and preferably uniform model of regulation to deal with these events.

Of the above public interest factors, the need for regulatory parity warrants special consideration. The concept of regulatory parity will continue to grow in importance as an even more pluralistic service environment evolves. Uniformity of regulation, where consistent with statutory requirements and policy objectives, should be the preferred method of achieving that parity. Moreover, price cap regulation has proven beneficial to the telecommunications industry and its customers. The Commission should extend those same benefits to cable operators and their customers as well.

The price cap formula BellSouth recommends for use in the cable industry is as follows:

> GNP-PI - Productivity Offset +/-Exogenous Factors (Including company/industry impacts of legislation, depreciation rate changes, tax changes, force majeure, judicial and regulatory mandates).

In regard to the above formula, a productivity offset for the cable industry will require further development. In considering a productivity offset, the Commission should not rely on a Frentrup-Uretsky type revenue analysis as a basis for a cable industry productivity estimate. Unlike the telephone industry case, the historical behavior of cable rates was not driven by revenue requirements established through a regulatory cost-of-service review process. Indeed, the Cable Act of 1992 was largely predicated on the finding that cable rates had risen excessively. Mechanically applying the Frentrup-Uretsky methodology to historical cable rates would result in a productivity estimate that is artificially low because cable rates since 1986 have not been restrained by either effective competition or regulation.

Upon population of the price cap formula with 1992 data, basic cable service rates would be adjusted for 1993. Annually thereafter, basic service rates would undergo adjustment, upward or downward. Application of exogenous factors by cable companies should require appropriate cost support and impact analysis. However, only a portion of the full exogenous costs allowed should be allocated to basic tier service rates, unless the exogenous costs were exclusively related to basic tier service provisioning. For reasons already discussed, the Commission should use the well established GNP-PI rather than developing a new local service price index (SPI) for adjusting cable rates due to general changes in the cost of doing business.[20]

As discussed, the need for regulatory parity is one of the principal reasons why BellSouth supports using price caps to regulate cable rate changes after the initial rates

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[20] _See_, discussion p. 8-9, _supra_.

have been set under the appropriate benchmark methodology. Nevertheless, BellSouth encourages the Commission to adopt price cap regulations for both the telephone industry and the cable industry which are less burdensome than those under which the telephone industry currently operates. In particular, BellSouth urges the Commission to modify the following price cap provisions currently governing local telephone companies, and to apply those modifications to both the telephone and the cable industries:

1. Sharing Mechanism

The Commission should not apply an earnings sharing mechanism to cable operators. An earnings sharing mechanism was included in the telephone company price cap plan, but not the AT&T price cap plan, as a regulatory backstop should the industry productivity offset be inaccurate as to a particular carrier. Unfortunately, an earnings sharing mechanism carries with it the "baggage" of cost-of-service regulation. The overlay of an earnings sharing mechanism will require cable operators to incur substantial costs to calculate earnings on a cost-of-service basis that would otherwise be unnecessary under benchmark regulation.

2. Baskets, Bands and Sub-indices

The Commission limited the pricing flexibility of exchange telephone companies by imposing tight basket and band constraints in their price cap plan. In addition, the Commission has adopted a number of sub-indices that have severely compromised the economic principles that underlie price cap regulation. BellSouth believes that only broad baskets,and no bands or sub-indices, should be incorporated into a price cap plan. BellSouth concurs with the service categories proposed in Appendix A to the Notice-- Basic Tier, Other Tiers, Customer Premise Equipment, Pay-per-view and Leased Access -- as reasonable "baskets" for use in a cable price cap plan. As noted below, BellSouth recommends that a price cap adjustment formula be applied to only the first three of these baskets in order to provide basic consumer protection with a minimal level of regulatory oversight.

3. <u>Price Cap Adjustment Formula</u>

In adopting the exchange telephone company price cap plan, the Commission recognized the importance of maintaining regulatory parity among competitors. Recognizing that competition exists between interexchange carriers and exchange carriers, the Commission adopted a 3.0 percent productivity offset for the interexchange basket of exchange telephone companies, as opposed to a minimum 3.3 percent productivity offset applicable to other baskets. Similarly, regulatory parity is one of the factors which should be considered in developing a productivity factor for the cable prof the ice cap plan.

Comparable competitive and regulatory parity concerns would suggest the application of a productivity offset to the Basic Tier, Other Tiers and Customer Premises Equipment baskets in a cable price cap plan. In BellSouth's view, there are sufficient potential competitive alternatives for the pay-per-view and leased access baskets that no price cap adjustment formula is required for these baskets. Such an approach would be consistent with the Commission's precedents in dealing with the AT&T price cap plan.

BellSouth therefore recommends that the Basic Tier, Other Tiers and Customer Premises Equipment baskets each be subject to a price cap formula that allows for price adjustments based on economy-wide cost changes as measured by the GNP-PI used in the telephone company price cap plans, minus an appropriate productivity offset specifically developed for the cable industry. The Commission should consider, for reasons of regulatory parity, the 3.3 percent productivity offset applied to telephone companies as one of the relevant factors in development of the productivity offset for cable. As mentioned above, the cable price cap plan should also include a provision for exogenous cost changes, similar to that included in the AT&T and exchange telephone company price cap formulas.

BellSouth believes that it will be able to demonstrate in the upcoming proceeding involving price cap regulation for telephone companies that the above modifications to the exchange telephone company price cap plan are appropriate. Therefore, it would be a mistake for the Commission to adopt the existing exchange telephone company price cap rules, without the above modifications, for cable companies operating under price cap regulation. As communications markets become increasingly competitive, such requirements undermine the public interest because they interfere with the free operation of competitive market forces which provide a better means of regulating the very concerns those regulations are designed to address.

BellSouth is concerned that disparate price cap regulation not be allowed to place it at a competitive disadvantage relative to its entry, or the entry of its video programming customers, into video programming. Nor should price cap regulation unjustly penalize BellSouth relative to cable company entry into telecommunications markets. Therefore, BellSouth urges the Commission to pursue a policy path that (1) corrects the deficiencies of telephone company price cap regulation to promote competitive parity between the telephone and cable industries, and (2) to apply those modifications to both industries. Accordingly, BellSouth supports the adoption of a price cap regulatory plan for the cable industry that modifies the above provisions currently contained in its own price cap plan.

III. PROPOSED COST ACCOUNTING REQUIREMENTS AND COST-OF-SERVICE STANDARDS.

Even if the Commission adopts a combination of benchmarking and price caps as the primary mode of regulating cable rates where there is an absence of effective competition, there still is a need to develop various accounting and cost-of-service standards for the cable industry. This is necessary for a number of reasons. First, the Commission needs a reliable methodology for determining whether it is reasonable for a cable operator to set its initial rates above the benchmark where the cable operator believes its system costs have not been fairly accounted for under the benchmark methodology. Second, the Commission is directed by the terms of the Act[21] and the legislative history[22] to use more of a cost-based approach to determine installation rates and rates for lease of equipment used by subscribers to receive the basic service tier, including the installation and monthly use of connections for additional television receivers.[23] Third, initial installation charges for cable home wiring will have a direct impact on the issues raised in the Commission's companion cable home wiring rulemaking proceeding.[24] Finally, the Commission needs to adopt regulatory safeguards that ensure cable operators do not cross subsidize their

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[21] 47 U.S.C. Section 543(b)(3).

[22] Conference Report at p. 81-82; House Committee on Energy and Commerce, H.R. Report No. 102-628, 102d Cong., 2d Sess. 83 (House Report).

[23] Cable Act of 1992, Section 623(b)(3).

[24] Cable Home Wiring, MM Docket No. 92-260, Notice of Proposed Rulemaking, FCC 92-500 (rel. Nov. 6, 1992). See, Comments of BellSouth filed December 1, 1992.

entry into non-cable service markets. The Commission seeks comment on proposed cost accounting requirements and cost-of-service standards, attached to the Notice as Appendices A and B, respectively.[25] BellSouth notes that the legislative history provides the Commission with guidance on what types of accounting procedures are needed for regulation of basic tier rates:

> In establishing its formula, the Commission should strive to assure that permissible joint and common costs attributed to the regulated tier are treated in the same manner as those in the unregulated tiers on a per-channel basis. In effect, this provision requires a "fully allocated" costing methodology across all cable services. The regulated tier cannot be permitted to serve as the base that allows for marginal pricing of unregulated services.[26]

As to regulated installation and equipment rates, the legislative history provides further guidance as to what accounting and cost allocation requirements are appropriate:

> [The Act] requires the Commission to establish a formula to determine, on the basis of actual costs, the price for the installation and lease of the equipment necessary for subscribers to receive the basic tier, including a converter box and a remote control. The term 'actual costs' is intended to include such normal business costs as depreciation and service. The committee intends that the Commission, in developing this formula, consider differences in labor and material costs for aerial and underground drops as well as differences in labor and material costs for the internal wiring of private homes and for multiple dwellings. . . . The committee is concerned that cable operators have been leasing equipment at rates that far exceed its costs. The purpose of this provision is to require cable operators to price these items fairly,

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[25] Notice at paras. 57 and 61, Appendixes A and B.

[26] House Report, p. 83.

and to prevent them from charging prices that have the effect of forcing subscribers to purchase these items several times over the term of the lease.[27]

Thus, in developing accounting and cost allocation standards for regulation of basic tier rates, the Commission must adopt a regulatory framework which does not allow cable companies to engage in improper cross-subsidies and cost shifting away from its unregulated service offerings. By definition, most two-way interactive video, data and voice communication services offered by cable companies are non-cable communications services.[28] As such, nothing precludes the Commission, or state regulators with respect to intrastate communications services, from otherwise regulating those services in the same manner that they are regulated when offered by non-cable service providers. The legislative history of the 1984 Cable Act makes this clear:

> Section 621(c) exempts "cable services" from common carrier regulation. . . .
>
> [The Cable Act] maintains existing regulatory authority over all other communications services offered by a cable system, including the lucrative private line voice and data transmission services that could compete with communications services offered by telephone companies. [The Cable Act] preserves the regulatory and jurisdictional status quo with respect to non-cable communications services.
>
> This limited, evolutionary approach protects cable companies from unnecessary regulation, while reserving for state and Federal officials the authority they need to address the issues of competition between telephone

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[27] House Report, p. 83-84.

[28] 47 U.S.C. Section 522(5).

and cable companies and the need to preserve universal telephone service.[29]

BellSouth does not suggest that the Commission attempt to address in this proceeding all of the regulatory rules which should apply to cable company provision of non-cable communications services. However, it must be emphasized that there is a relationship between the rules to be established in this proceeding and the need for regulatory safeguards concerning cable company provision of such services. As the cable and telephone industries converge, the Commission must address the extent to which cable companies should be allowed to allocate joint and common costs to basic cable services, particularly in markets lacking effective competition, versus the extent to which non-cable communications services, including two-way interactive video, information and telecommunications services, should be required to share those costs.

In establishing cost based rates for basic cable service installation and equipment rentals, the Commission should ensure that its regulations do not allow cable operators to subsidize these services. Regulations affecting the cable home wiring and equipment markets should be designed to promote open competition in those markets, as indicated by the clear statement of legislative intent quoted above. Therefore, the Commission's cost allocation

[29] 1984 U.S.C. Cong. & Admn. News at p. 4666; House Energy and Commerce Committee, H.R. No. 98-934, p. 29.